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# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER

8- 65316

FACING PAGE

## Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2004 AND ENDING December 31, 2004  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HBK Global Securities L.P.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

300 Crescent Court, Suite 700

(No. and Street)

DallasTexas75201

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Heather Harris214-758-6203

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

2001 Ross Avenue, Suite 1800

(Address)

Dallas

(City)

Texas

(State)

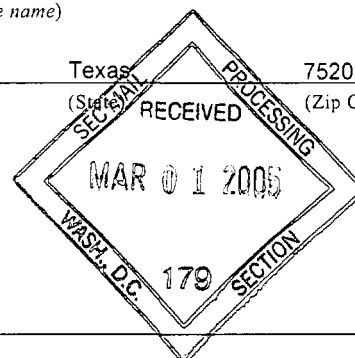
75201

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

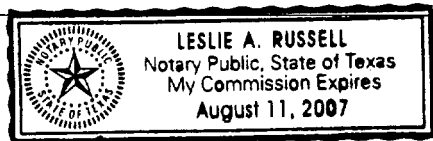
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## OATH OR AFFIRMATION

I, William E. Rose, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HBK Global Securities L.P., as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Leslie A. Russell  
Notary Public

W. E. Rose  
Signature

Chief Compliance Officer  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*



**HBK GLOBAL SECURITIES L.P.**  
**(A Delaware Limited Partnership)**

**Financial Statements**  
**For the Year Ended December 31, 2004**

**Report of Independent Auditors**

To the Partners of  
HBK Global Securities L.P.:

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in partners' capital and cash flows present fairly, in all material respects, the financial position of HBK Global Securities L.P. (the "Partnership") at December 31, 2004, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

January 31, 2005

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Assets**

Cash and cash equivalents	\$	88,762
Receivables for securities borrowed		1,591,237
Rebate fees receivable		3,155
Interest and dividends receivable		132
Other assets		49
Fixed assets, at cost less accumulated depreciation of \$298		149
Total assets		<u>1,683,484</u>

**Liabilities**

Payables for securities loaned		1,539,389
Rebate fees payable		2,582
Payable to affiliates		513
Interest and dividends payable		6
Other liabilities		24
Deferred compensation		1,988
Total liabilities		<u>1,544,502</u>

**Partners' Capital**

		<u>138,982</u>
Total liabilities and partners' capital	\$	<u>1,683,484</u>

The accompanying notes are an integral part of this financial statement.

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Net revenues**

Rebate fee income	\$ 19,955
Interest and dividends	1,539
Rebate fee expense	(15,868)
Interest expense	(1)
Net interest profit	<u>5,625</u>
Other	<u>13</u>
Total net revenues	<u>5,638</u>

**Operating expenses**

Employee compensation and benefits	4,546
Expense reimbursements	1,381
Data services and systems	222
Depreciation	150
Other expenses	442
Total expenses	<u>6,741</u>
Net decrease in partners' capital resulting from operations	<u><u>\$ (1,103)</u></u>

The accompanying notes are an integral part of this financial statement.

HBK GLOBAL SECURITIES L.P.  
STATEMENT OF CHANGES IN PARTNERS' CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(EXPRESSED IN 000's OF U.S. DOLLARS)

	HBK Securities GP Inc.	HBK Securities LP Inc.	Total
Partners' capital at beginning of year	\$ 14	\$ 141,678	\$ 141,692
Capital contributions	-	-	-
Capital withdrawals	-	(1,607)	(1,607)
Net decrease in partners' capital resulting from operations	-	(1,103)	(1,103)
Total decrease in partners' capital	-	(2,710)	(2,710)
Partners' capital at end of year	\$ 14	\$ 138,968	\$ 138,982

The accompanying notes are an integral part of this financial statement.

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

**Cash Flows From Operating Activities**

Net decrease in partners' capital resulting from operations	\$ (1,103)
Adjustments to reconcile net decrease in partners' capital resulting from operations to net cash used in operating activities:	
Depreciation	150
Changes in operating assets and liabilities:	
Receivables for securities borrowed	(1,118,202)
Rebate fees receivable	(2,802)
Interest and dividends receivable	(18)
Other assets	66
Payables for securities loaned	1,063,654
Rebate fees payable	2,332
Payable to affiliates	183
Interest and dividends payable	6
Other liabilities	(1)
Deferred compensation	748
Net cash used in operating activities	<u>(54,987)</u>

**Cash Flows From Financing Activities**

Capital withdrawals	<u>(1,607)</u>
Net cash used in financing activities	<u>(1,607)</u>
Net decrease in cash	(56,594)
Cash at beginning of year	145,356
Cash at end of year	<u>\$ 88,762</u>

**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest during the year	<u>\$ 13,536</u>
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The accompanying notes are an integral part of this financial statement.



**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**1. Organization**

HBK Global Securities L.P. ("Global"), a Delaware limited partnership formed on March 4, 2002, is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers (the "NASD"). The NASD granted membership to Global to operate as a broker-dealer on October 9, 2002. Global is a subsidiary of HBK Securities LP Inc. and HBK Securities GP Inc. (collectively, the "Partners") which are wholly-owned subsidiaries of HBK Master Fund L.P. (the "Master Fund"). Global's only business is to borrow and lend securities for its own account. Its counterparties in these transactions include both the Master Fund and unaffiliated institutions, such as banks, insurance companies, pension plans, investment companies and broker-dealers.

**2. Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commitments

In the normal course of business, Global may enter into contracts which provide general indemnifications and contain a variety of representations and warranties.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit at U.S. financial institutions and highly-liquid investments with maturities of three months or less when purchased.

Foreign Currency Translation

Assets and liabilities denominated in a foreign currency are translated into the U.S. dollar equivalent using the spot foreign currency exchange rate in effect at the time of reporting. Revenues and expenses denominated in foreign currencies are translated at the daily spot rates in effect at the time of the transaction.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Global has elected to compute depreciation according to the applicable tax methodology using estimated useful lives of three to five years.

**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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Income Taxes

In accordance with federal income tax regulations, no income taxes are levied on a partnership, but rather on the individual partners. Consequently, no provision or liability for federal income taxes has been reflected in the accompanying financial statements.

**3. Securities Financing Transactions**

Global enters into securities borrowed and loaned transactions for its own account. Generally, using an approach commonly referred to as "matched-book", Global will borrow securities from one institution, such as a bank, insurance company, pension plan, investment company or broker-dealer, and simultaneously, or soon thereafter, re-loan the same securities to another institution. Securities borrowed transactions require Global to deposit with the lender cash or other collateral with a value ranging from 102% to 105% of the value of the securities being borrowed. With respect to securities loaned, Global receives collateral in the form of cash or other collateral of an amount ranging from 102% to 105% of the market value of securities loaned. Global monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or returned as necessary. At December 31, 2004, the value of the underlying securities borrowed and loaned was \$1,536,943 and 1,486,873, respectively.

Securities lending transactions are classified as *Receivables for securities borrowed* and *Payables for securities loaned* at the amount of cash collateral advanced or received. Although securities borrowing and lending activities are transacted under a master securities lending agreement, such receivables and payables with the same counterparty are not offset on the Statement of Financial Condition. Fees received or paid by Global are classified as *Rebate fee income* or *Rebate fee expense* on the Statement of Operations.

**4. Deferred Compensation**

Global has an incentive bonus plan for employees whereby a portion of any annual bonuses may be deferred at Global's discretion. Deferred amounts increase or decrease at an index rate that is based on the rate of return earned by funds affiliated with Global. For the year ended December 31, 2004, expenses of \$1,093 related to the deferred bonus plan are included in *Employee compensation and benefits* on the Statement of Operations. In general, awards under the plan vest and become payable in July of the first, second, third, and fourth years after the date of the grant if the grantee is still employed by Global.

**5. Regulatory Capital Requirements**

As a registered broker-dealer, Global is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum net capital. Global has elected to use the alternative method which requires that it maintain minimum net capital as defined in Rule 15c3-1 under the Securities and Exchange Act of 1934 (the "1934 Act"), equal to the greater of \$250 or 2% of aggregate debit balances (as defined in Rule 15c3-3 under the 1934 Act). At December 31, 2004, Global had net capital of \$136,865, which is \$136,615 in excess of its minimum net capital requirement of \$250 on that date.

**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**6. Financing Activities**

Global has a revolving line of credit arrangement in the amount of \$150,000 from the Master Fund. All advances accrue interest at a variable rate indexed to the Federal Funds rate. Global has not drawn on the line of credit, and Master Fund is under no obligation to extend credit under this arrangement.

**7. Off-Balance Sheet and Concentrations of Credit Risk**

Global's principal activities are with banks, insurance companies, pension plans, investment companies, broker-dealers and clearing organizations. These counterparties may fail to satisfy their contractual obligations and, as such, have associated credit risk. This credit risk primarily exists in two situations. First, Global posts collateral with counterparties under securities borrowed transactions. If the value of the securities declines, the counterparty will be obligated to return the collateral. If the counterparty is unable to satisfy the obligation, Global may incur a loss, measured by the difference between the value of the securities borrowed and the higher value of the collateral held by the counterparty. Second, Global accepts collateral from counterparties under securities loaned transactions. If the value of the securities increases, the counterparty is required to post additional collateral. If the counterparty is unable to satisfy this obligation, Global may incur a loss, measured by the difference between the value of the collateral held by Global and the higher value of the securities loaned. Global may have concentrations with counterparties from time to time. At December 31, 2004, Global had significant concentrations with various counterparties, including Master Fund.

**8. Related Party Transactions**

In the normal course of business, Global enters into securities borrowed and loaned transactions with the Master Fund. At December 31, 2004, Global remitted collateral in the amount of \$144,972 under securities borrowed transactions and held collateral in the amount of \$501,630 under securities loaned transactions. In addition, Global recorded rebate fee income and rebate fee expense in relation to transactions with the Master Fund of \$2,452 and \$4,313, respectively. Amounts receivable and payable at December 31, 2004 were \$279 and \$811, respectively.

Certain expenses of Global are incurred by HBK Investments L.P. (the "Manager"), investment manager of the Master Fund. Global entered into a reimbursement agreement whereby Global reimburses the Manager for certain expenses related to the securities lending business. Expenses covered under this agreement are payable to the Manager on a monthly basis and are classified as *Expense reimbursements* on the Statement of Operations.

# SCHEDULE I

## HBK GLOBAL SECURITIES L.P. COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2004 (EXPRESSED IN 000's OF U.S. DOLLARS)

### Net Capital

Total partners' capital		\$ 138,982
Deduct partners' capital not allowable for net capital		-
Total partners' capital qualified for net capital		<u>138,982</u>
Add:		
Subordinated borrowings allowable in computation of net capital		-
Other (deductions) or allowable credits - deferred income taxes payable		-
Total capital and allowable subordinated borrowings		138,982
Deductions and/or charges:		
Nonallowable assets:		
Furniture, equipment, and leasehold improvements, net	\$ 149	
Other assets	34	
	<u>183</u>	
Other deductions and/or charges	<u>314</u>	<u>497</u>
Net capital before haircuts on securities positions (tentative net capital)		138,485
Haircuts on securities - other securities		<u>1,620</u>
Net capital		<u>\$ 136,865</u>

### Computation of alternative net capital requirement

2 percent of aggregate debit items (or \$250, if greater) as shown in formula for reserve requirements pursuant to rule 15c3-3 prepared as of date of net capital computation		<u>\$ 250</u>
Excess net capital		<u>136,615</u>
Net capital in excess of-		
4 percent of aggregate debit items		<u>136,865</u>
5 percent of aggregate debit items		<u>136,865</u>

The above computation does not differ materially from the computation included in Part II of Form X-17A-5 as of December 31, 2004; therefore, no reconciliation is necessary.

**SCHEDULE II**

**HBK GLOBAL SECURITIES L.P.  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2004  
(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Credit balances**

Total credit items	\$ -
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**Debit Balances**

Total debit items	\$ -
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**Reserve computation**

Excess of total debits over total credits	\$ -
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Required deposit	None
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The above computation does not differ materially from the computation included in Part II of Form X-17A-5 as of December 31, 2004; therefore, no reconciliation is necessary.

**SCHEDULE III**

**HBK GLOBAL SECURITIES L.P.  
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2004  
(EXPRESSED IN 000's OF U.S. DOLLARS)**

- 
1. Customers' fully paid and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3):

\$ -

A. Number of items

-

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3.

\$ -

A. Number of items

-

**Report of Independent Auditors on Internal Control  
Required By SEC Rule 17a-5**

To the Partners of  
HBK Global Securities L.P.:

In planning and performing our audit of the financial statements and supplemental schedules of HBK Global Securities L.P. (the "Partnership") for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Partnership, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e);
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Partners of  
HBK Global Securities L.P.:  
Page 2

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures were adequate at December 31, 2004 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

January 31, 2005